Information Services

Banking and Finance in the 1990s

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Information Services

Banking and Finance in the 1990s

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Overview

- U.S. Information Services Market Trends
- Overview—U.S. Market Sizes and Growth
- Banking and Finance—Trends and Issues

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Overview

- Impacts on the Information Systems Function
- Banking and Finance Information Services Markets
- Tandem in the Marketplace

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U.S. Information Services Market

MS-3

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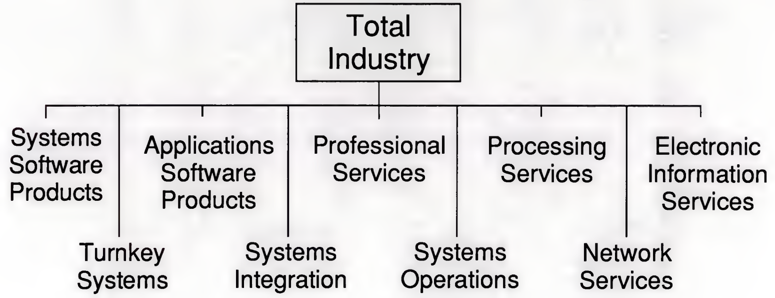
Information Services Industry Structure



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Key Trends for the 1990s

- Products & services markets blurring
- Changing market structure
- Internationalization
- Standards
- Vendor consolidation

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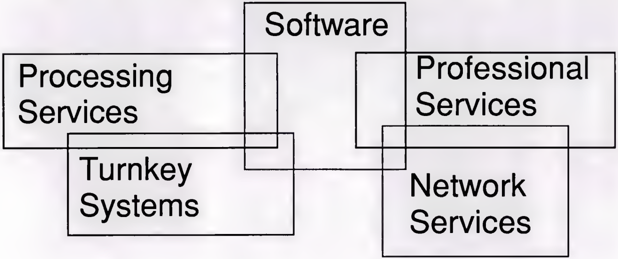
IS Market Structure—1980s

INPUT's View



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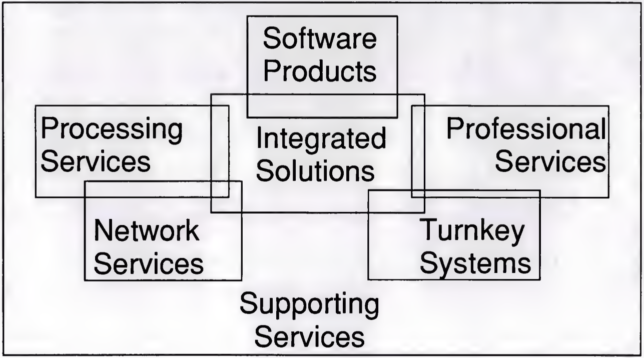
Information Services Market Structure—1990s
Emphasis on Supporting Services



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Summing It Up

- Broadening product strategies
- Emphasis on "solution" niches
- Focus on quality and service

Accomplished through:

- Self-funded expansion
- Consolidation—partnering/acquisitions

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Market Forecasts

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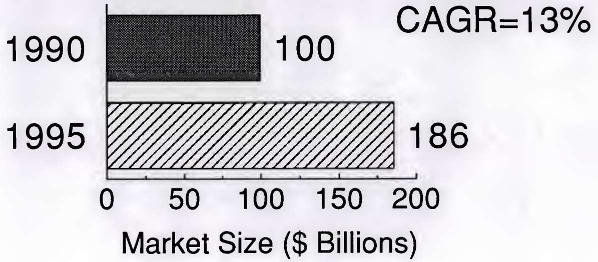
U.S. Information Services Market, 1990-1995



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Vertical Markets

VM-1

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Largest Information Services Vertical Markets

VM-2

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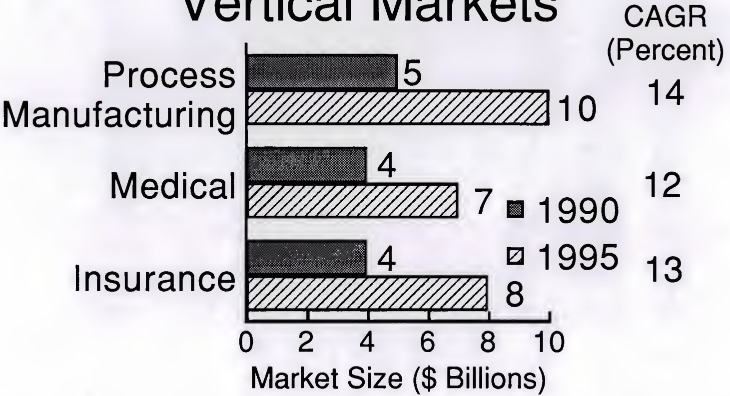
Largest Information Services Vertical Markets



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Banking and Finance

Issues and Opportunities

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U.S. Banking and Finance Industry Demographics

Segment	No. of Institutions	Total Assets ($ B)
Commercial banks	12,000	$3,500
Savings and loan institutions	2,500	$1,300

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U.S. Banking and Finance Industry Demographics

Segment	No. of Institutions	Total Assets ($ B)
Credit unions	14,000	$175
Brokerages and other financial services firms	N/A	$1,500

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Impacts of Business Trends

- Global financial services competition
- Third-world debt
- 1980s takeover/LBO-based junk bond debt

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Impacts of Business Trends

- 1990-1991 recession in the U.S.
- 1989-1991 "rolling recession" in real estate
- Europe 1992

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Key Topics Impacting the Banking and Finance Industry

- The S&L bailout
- Profitability
- Business restrictions and competition
- Overcapacity and mergers
- Cost cutting

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Key Topics Impacting the Banking and Finance Industry

- Outlook for regulatory reform
- The shifting credit card business
- Securitization
- Brokerages since the 1987 crash
- Nonbank financial services firms

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Information Technology Issues Banking and Finance Industry

- Established technologies
- Imaging
- Expert systems
- Downsizing and outsourcing
- Disaster recovery
- Communications

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Information Technology Issues Banking and Finance Industry

- Distributed systems and integrated data bases
- EDI
- Workstations
- Home/remote banking
- Debit cards and smart cards

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Distributed Systems and Integrated Data Bases

- Minicomputers versus PC/mainframe cooperative processing
- RDBMSs
- Integrated customer information systems
- Executive information systems

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Banking and Finance Key Systems Opportunities

- Imaging
- Downsizing and outsourcing
- Disaster recovery
- Distributed and integrated systems
- Workstations
- New charge card technologies

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Impacts on the Information Systems Function

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Key Business Issues Impacting IS

- Companywide cost pressures
- Securing demonstrated benefits
- Downsizing and outsourcing
- Integrating systems from mergers
- Implementing "relationship" banking
- Evaluating new technologies

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Banking and Finance Sector— IS Budgets, Averages

14% Hardware

2% Software (purchased)

2% External processing, information, and professional services

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Banking and Finance Sector— IS Budgets, Averages

7%	Communications
50%	Salaries and benefits
25%	Other, including nonsalary overhead charges

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Objectives and Plans of IS Managers

- Cope with tight budgets and cost controls
- Evaluate and implement outsourcing as appropriate
- Implement disaster recovery
- Implement RDBMSs

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Objectives and Plans of IS Managers

- Integrate merged-bank systems
- Support “relationship banking”
- Explore imaging
- Research (only) most other information technologies

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Banking and Finance Information Services Markets

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Banking and Finance Sector IS Driving Forces

- Cost/capital-use attractiveness: Processing services and systems operations
- Current price/performance of minicomputer-based turnkey systems

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Banking and Finance Sector IS Driving Forces

- RDBMS benefits
- Mergers among midsized banks
- Fast-changing regulatory/reporting requirements
- Nonbank financial services firms' strong competitive positions

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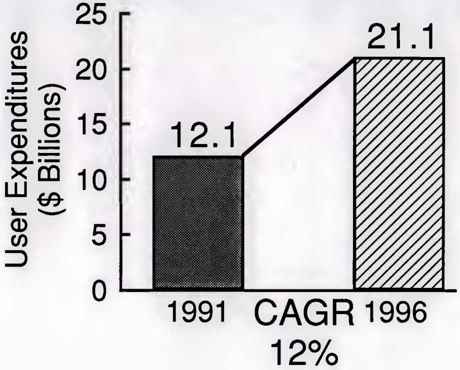
Banking and Finance Sector IS Market, 1991-1996



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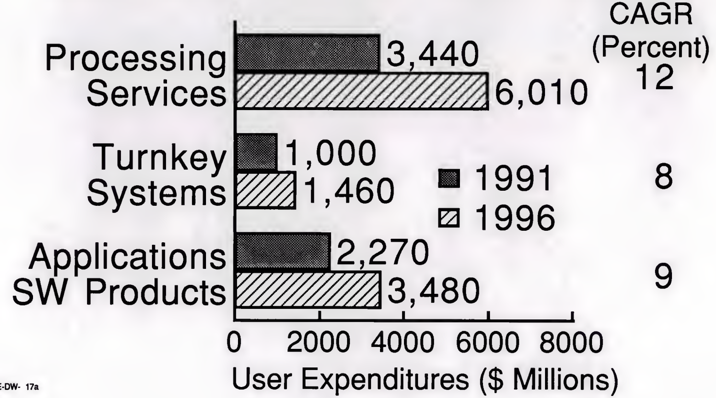
B & F Sector IS Market by Delivery Mode, 1991-1996



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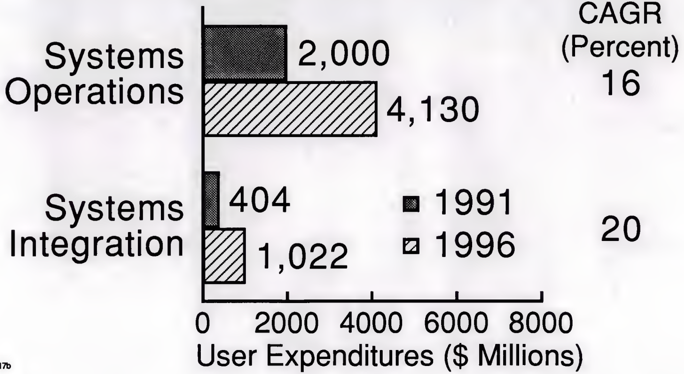
B & F Sector IS Market by Delivery Mode, 1991-1996



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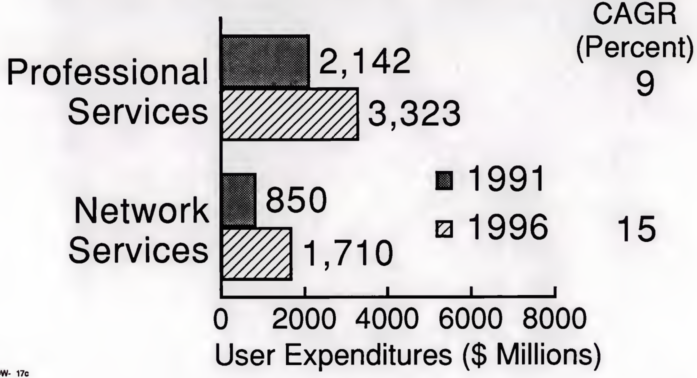
B & F Sector IS Market by Delivery Mode, 1991-1996



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Banking and Finance Sector Individual Segment Markets, 1991-1996

Industry Segment	1991		1996		1991-1996 CAGR
	$ Millions	Total (Percent)	$ Millions	Total (Percent)	
Commercial Banks	6,050	50	11,600	55	14
Savings Institutions	2,420	20	3,800	18	9
Credit Unions	1,815	15	2,750	13	9
Brokerages & Other Finl. Serv. Firms	1,815	15	2,950	14	10
Total	12,100	100	21,100	100	12

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Banking and Finance Sector
Leading Information Services Vendors

	Market Share (Percent)	Proc. Svcs.	Turnkey Sys.	Appl. SW	Sys. Ops.	Sys. Int.	Prof. Svcs.	Network Svcs.
First Fin. Mgmt.	5	*						
ADP	3	*	*					*
CDC	2	*	*					*
Dow Jones	4							*
EDS	4	*			*	*	*	*
First Data Res.	2	*						
GEIS	2	*					*	*
IBM	3	*		*		*	*	*
TRW	2					*	*	*
Andersen	2					*	*	
Quotron	2							*
SIAC	2	*					*	
Systematics	2			*	*			
FISERV	2	*			*			
Reuters	3							*

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Tandem in the Marketplace

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